

Minutes
City of Gresham Finance Committee
Wednesday, October 21, 2015 7:00 p.m.
HR Training Room

Finance Committee Members Present:

Jan Baker, Vice-Chair
Curt Hugo, Chair
Sue O'Halloran
Janine Ross
Paul Warr-King
Don West

Kris Leibrand (Recording Secretary)

Staff Members in Attendance:

Rachael Fuller, Assistant City Manager
Sharron Monohon, Budget & Financial Planning Director

1. Convene Meeting

Chair Hugo convened the meeting of the Gresham Finance Committee at 7:08 p.m.

2. Minutes of September 16, 2015

A motion was made by Ms. O'Halloran and seconded by Vice-Chair Baker to:

“Approve the minutes for the September 16, 2015 Finance Committee meeting as submitted.”

MOTION CARRIED UNANIMOUSLY

3. Public Comment

Speaker 1: Carol Rulla thanked the Committee for the opportunity for public comment. She noted that the meetings were not widely advertised and no special notice went out on the meetings. She cautioned the Committee that the general public wasn't aware that the meeting on October 7 was a forum for feedback. She said to be in line with what citizens expect, the \$30,000 figure originally discussed is a good place to start, although it is one of the higher salaries in the area. She said if a higher salary is considered, there should be another opportunity to comment. She said with a higher salary should come higher expectations for the office. She said she recognizes that isn't the Finance Committee's purview, but it does need to be reviewed.

Chair Hugo thanked Ms. Rulla for her feedback. He said that the notice was put out for the meeting, but wasn't sure if the verbiage indicated whether or not we were seeking feedback. He asked Ms. Leibrand to pull a copy of the notice. He said in the meeting minutes we specifically made a point to say we weren't taking a vote until we had the citizen forum.

Mr. Warr-King said the information has been available on Nextdoor.com. Ms. Rulla said the comments don't go to all neighborhoods and she didn't get the information.

Ms. Leibrand read the notice that was posted in the Outlook and Oregonian.

Ms. O'Halloran said she thinks the phrase "question and answer" clearly indicates the opportunity to come and talk, which some folks did. She said she feels like the Committee fulfilled what we promised to do by holding the forum.

Speaker 2: Sue Ruonala. She said she agreed with Ms. Rulla and said her interpretation was that the October 7 meeting was just a report to citizens. She said she feels the amount decided is reasonable and comparable to other cities and that raising the salary to \$60,000 could bring people to the position for the salary. She said she doesn't want to see the salary get so high that we get people that are in it for the salary. She said she thinks if the salary is bumped up that it could cause a backlash from the citizens. Ms. Ruonala said she has seen comments from the citizens that make them wonder if we have money to pay the Councilors why there isn't money to do some other projects that have been suggested.

Chair Hugo mentioned the nationwide movement to increase the minimum wage to \$15 per hour. He asked if the City would be harmed in any way if we paid the Mayor a salary of \$60,000.

Ms. Ruonala said it wouldn't be harmed, but the perception is important. She said people are frustrated when they hear there isn't staff or money for things they want. She said paying the higher salary for the Mayor is a path that creates a ripple effect with unexpected consequences.

Speaker 3: Marlene Byrne said she is in favor of the Council and Mayor getting paid. She said this committee is going a great job of not being biased and of looking forward and setting a precedent. She commented that when she voted for the compensation she didn't think of benefits being a part of it. She said the amount the Committee has come up with is reasonable and sensible. She suggested at the budget committee meetings to let people know the salary amount and the compensation amount separately.

Chair Hugo said the amounts we chose are well under the caps that were listed in the voters' pamphlet and we have talked about the distinction between salary and compensation. He said he thinks we are okay in terms of what the voters thought they were approving and what we have decided.

Ms. Byrne said if you get up too high you run into going over the cap people voted for. She said Gresham should pay what they feel what they can afford and not worry about what the other cities are paying.

Ms. Byrne feels that it would be better not to backdate the salary to July 1. She said it has her concerned and she feels the rest of Gresham will also feel that way.

Speaker 4: Julie Smith agrees with the previous speakers and appreciates the opportunity to be heard. She said she was at the town hall and heard the concerns of others who were advocating a higher salary. She thinks \$30,000 is a good starting point. She said starting at \$60,000 doesn't leave any place to go. She said if you are going to raise a salary perhaps you could look at raising the pay for the Councilors or for the Council President. She said she feels the Mayor salary should stay below the \$40,000 range.

Chair Hugo said he isn't sure someone who has the leadership skills to be a Mayor would run for the position based on the salary since it is well under what the private sector would pay for a similar position.

Ms. Smith said she doesn't think the pay should be retroactive and agrees that it should be clarified that the compensation is salary plus benefits.

Chair Hugo reminded the audience that the City has no choice in paying PERS and we are doing only what is required through state statute. He said we don't think many people will take the health insurance offer.

Speaker 5: Lynn Snodgrass said the other speakers have made her case. She said everyone suggested we start with a low salary. She said low doesn't say bold, vision, or proud. Ms. Snodgrass said it is difficult when you are a politician and your salary is raised. She said if we did start the Mayor's salary at \$30,000 and next year we give an increase to \$40,000 it becomes headline news that the Mayor got a 33% salary increase.

Ms. Snodgrass commented that based on her political experience from being in the legislature for six years, there are people there for passion, for power, for money, for recognition, and to make a difference. She said regardless what the salary is there will be people in it for their personal reasons and we can't judge that ahead of time. She said to consider the statement that you are making will last 20 -30 years because someone else will be afraid to raise it. She said she doesn't want Gresham to be average any more. She said we need to make a statement every chance we have and we need to think bigger and bolder. She said there will always be something people want that a public entity can't afford because government can't do everything for everyone. If we don't make statements and show a vision we won't change. She encouraged the Committee to be bold one more time and come up with a number so that our politicians won't end up as a headline in the newspaper because

they got a 10% raise. She said if the economy changes, the Committee has the power to lower the salary also.

Speaker 6: Travis Stovall. Mr. Stovall said he personally thinks \$100,000 is the salary that we need. He said the methodology that you went through is very solid and we should have been paying our Mayor and Council 15 years ago. He said Gresham has a lot of work to get done and we need to invest in our leadership to get us where we want to go.

Chair Hugo agreed that whatever number we come up with will be too low for the value we are getting. He thanked Mr. Stovall for his comments.

4. Council Compensation

Chair Hugo turned to the next agenda item, which is Committee discussion on compensation.

Vice-Chair Baker commented that the citizens of Gresham said we could go as high as 45% of a certain amount when they voted and she thinks we are doing a disservice to them if we don't make the Mayor's salary at least \$60,000.

Chair Hugo read some comments posted on-line regarding articles in the *Oregonian* and the *Gresham Outlook* on the process and decisions of the Committee regarding compensation. He said the comments will be included in the final file of information gathered for this process.

Chair Hugo said as the Committee was going through the process we tried to just look at the positions and not look at the current incumbents. He said we may have limited ourselves to thinking of the Mayor's position as a part time role. He went on to say that the reason it has been a part time role is because it has been a volunteer position. He said we need to change our thinking a little now that it isn't going to be a volunteer position any longer.

Chair Hugo asked the Committee members to comment on how they feel about increasing the Mayor's salary.

Mr. West said he is concerned that we aren't using the same percentage of the respective caps for the Council and the Mayor. He said the \$14,000 amount we came up with for the Councilor's salary is roughly 33% of their cap. He said he thinks we should pay the same percentages for the Councilor and the Mayor's salary. He said if we pay the Mayor 33% of his cap it roughly comes out to about \$50,000. Mr. West said in terms of the total city budget the whole compensation package for the Mayor and Councilors is less than half of one percent.

Ms. O'Halloran said she thought Ms. Snodgrass had a good point about how increasing the salaries would look as a news story. She said for the most part folks she talked to out in the

community indicated the proposed Mayor's salary was too low. She agreed with Mr. West's methodology.

Ms. Ross said she thinks we were timid with our original number and that she also likes the methodology Mr. West suggested.

Mr. Warr-King said he also agrees with Mr. West's methodology. He asked how we will track performance accountability for the Mayor and Council.

Chair Hugo said that power lies with the voters. He said the ballot measure that was approved didn't give the Finance Committee the power to set performance accountability.

Ms. O'Halloran said each year we will look at the caps, the CPI, and the city's budget and use those indicators to make our decisions. She said that changes in the budget reflect that things are happening in the city.

Chair Hugo said he thinks anything beyond annually reviewing the salary exceeds our authority. He said we aren't the committee to address performance accountability. He said we could suggest to the Charter Review Committee that the compensation schedule has altered the governmental structure that we are operating under and we think there are some things that need to be looked at.

Ms. O'Halloran said the methodology that Mr. West has suggested gives us a sound basis to work from. She said we've heard all of the various sides of the coin and she believes we need to come up with a higher figure.

Chair Hugo summarized that the Committee has agreed to keep the percentages close to the same between the two caps for the salaries.

The Committee discussed what the amounts would be using various percentages of the caps. All agreed that that using a percentage around 33-35% would be about right.

Chair Hugo said we can use the percentages of the caps as our methodology and still set the salaries as a dollar amount rather than a percentage.

A motion was made by Ms. O'Halloran and seconded by Mr. West to:

“Set the salary for the Mayor at \$50,000, the salary for the Councilors at \$14,000, and the salary for the Council President at \$15,200 for the fiscal year 2015-16.”

MOTION CARRIED UNANIMOUSLY

The Committee members all agreed that the salaries would be paid as of July 1 for FY 2015-16. The benefits portion would be available as of November 2015.

Ms. Monohon provided a handout that would serve as the official Council Compensation Schedule for the Committee to adopt, with the salary amounts to be filled in based on the Committee's final conclusions. A copy of this document is attached to these minutes as Attachment A. She also reminded the Committee that the actions related to the implementation of the compensation schedule are administrative in nature. These include such actions as processing payroll, providing business tools and equipment, and reimbursement for eligible business expenses. She clarified that there will not be time and reporting requirements for elected officials as part of this compensation schedule. She said this will allow us to smoothly implement things should there be changes in payroll rules or law or technology changes that were not specifically identified.

Ms. Snodgrass suggested clarifying the wording on the Council Compensation Schedule under section 9 be changed to "Elected Officials are only eligible for the *salary and benefits* in this Compensation Schedule while they hold office. If an Elected Official resigns or is removed from office his/her annual *salary* shall be prorated and eligibility for other benefits within this Compensation Schedule will cease on the last day the Elected Official holds office." The Committee members agreed and requested that staff make that change on the final document.

Ms. Leibrand asked if the Council Compensation Schedule would be updated each year if changes were made to the salary. Ms. Monohon replied that it would not have to be updated if no changes were made and said the Committee is expected to review it each year and take some kind of formal action.

Chair Hugo clarified that the Finance Committee will readdress the salary and make any needed changes at the regular meeting every January.

For clarification, Ms. Leibrand asked if that meant the first review of the compensation schedule would take place in January 2017.

Chair Hugo said no, it would be starting in January 2016.

A motion was made by Mr. Warr-King and seconded by Ms. Ross to:

"Approve the Compensation Schedule with the following salary amounts:

- **\$50,000 for the Mayor**
- **\$15,200 for the Council President**
- **\$14,000 for the Councilors"**

MOTION CARRIED UNANIMOUSLY

5. FY 2015/16 Supplemental Budget #1

Ms. Leibrand reminded the Committee that a motion is needed to extend the meeting past 9:00.

A motion was made by Ms. O'Halloran and seconded by Ms. Ross to:

“Extend tonight’s meeting past 9:00 but no later than 9:30.”

MOTION CARRIED UNANIMOUSLY

Ms. Monohon reviewed the thirteen items that are included in Supplemental Budget #1 for Fiscal Year 2015/16 as shown in the document that was included in the Finance Committee packet. Ms. Monohon explained that Local Budget Law establishes the process for making mid-year budget changes and that the City’s process includes a review of the supplemental budget by Finance Committee prior to Council action. She said that the supplemental budget is scheduled to go before Council on November 17, 2015 for adoption, which is why the Committee is being asked to review it at this meeting.

For item #11 regarding Mayor and Council compensation, Ms. Monohon explained that the amount of the adjustment would be modified to address the change that the Finance Committee just made regarding the Mayor’s salary.

Finance Committee members had an opportunity to ask clarifying questions as Ms. Monohon explained each item.

A motion was made by Vice-Chair Baker and seconded by Ms. O'Halloran to:

“Recommend that Council approve the Supplemental Budget #1 for FY 2015/16 with the adjustment to item #11 as described by staff.”

MOTION CARRIED UNANIMOUSLY

6. Council Work Plan Project Update

Ms. Monohon said the Council is starting the process of creating the work plan for 2016. She asked the committee to contact her with any items they would like to have forwarded for consideration.

Ms. O'Halloran asked when the Council anticipates adopting the work plan. Ms. Fuller explained that normally the Council liaisons come to committee and ask for feedback which is then incorporated into a list to present to Council. Ms. Fuller encouraged the Committee to provide feedback as soon as possible.

Ms. Monohon asked that comments be sent to her by the end of October. She will send out a copy of the current Council Work Plan to Committee members.

7. Committee Business

None.

8. Good of the Order

Chair Hugo thanked the Committee for the work done the last 6 months. He said we were tasked with something above and beyond anything the Finance Committee has ever been asked to do before. The Committee members thanked Chair Hugo for his leadership.

9. Meeting Adjournment

Chair Hugo adjourned the meeting at 9:25 p.m.

The next regular Finance Committee meeting will be November 18, 2015 at 7:00 p.m. in the HR Training Room.

Curt Hugo, Chair

Kris Leibrand, Administrative Assistant

**City of Gresham
Council Compensation Schedule
Approved by the Finance Committee**

Pursuant to GRC 2.40.025 and 2.40.027, the Gresham Finance Committee shall provide oversight and control over the Mayor and City Councilors' compensation and shall annually prepare and approve a Compensation Schedule for the Mayor and City Councilors (collectively "Elected Officials" or "Council"). Pursuant to those requirements, the Finance Committee approves a Compensation Schedule for the Mayor and Councilors that consists of the following:

Salary

1. The Mayor will receive salary in the amount of _____ per year for time spent serving as Mayor for the City of Gresham. This amount is retroactive to July 1, 2015.
2. The Council President will receive salary in the amount of _____ per year for time spent serving as Council President for the City of Gresham. This amount is retroactive to July 1, 2015.
3. Councilors will receive salary in the amount of _____ per year for time spent serving as Councilor for the City of Gresham. This amount is retroactive to July 1, 2015.

Pension

4. Elected Officials can participate in the Oregon Public Employees Retirement System (OPERS) if the Elected Official meets OPERS eligibility requirements, as determined by OPERS. All Council positions represent more than 600 hours per fiscal year for time spent serving in their official positions. No Council positions are considered to be full-time positions.
5. The type of "employee contributions" for Elected Officials will be Member Paid Pre-Tax (MPPT) contributions that are deducted from Elected Official's compensation.

Insurance

6. Elected Officials are eligible to participate in the City's self-funded medical and dental plans only. The City will contribute 50% of the monthly rate associated with an individual enrolled in the selected medical or dental plans.
7. Elected Officials may increase coverage to include other eligible family members. Elected Officials are responsible for 100% of the additional rate associated with the increased coverage. The Elected Official must be enrolled on the medical or dental plan, for a family member to be eligible for coverage

Stipend

8. The existing stipend will be discontinued upon implementation of this Compensation Schedule. Implementation is expected to begin November 1, 2015.

Miscellaneous

9. Elected Officials are only eligible for the compensation and benefits in this Compensation Schedule while they hold office. If an Elected Official resigns or is removed from office his/her annual compensation shall be prorated and eligibility for other benefits within this Compensation Schedule will cease on the last day the Elected Official holds office.

Adopted by the Finance Committee on: _____

Finance Committee Chair Signature: _____

Sample Motion

Move to approve the compensation schedule with the following salary amounts:

\$_____ for the Mayor

\$_____ for the Council President and

\$_____ for the Councilors